



Environmental Advisory Council

The Macro Environment

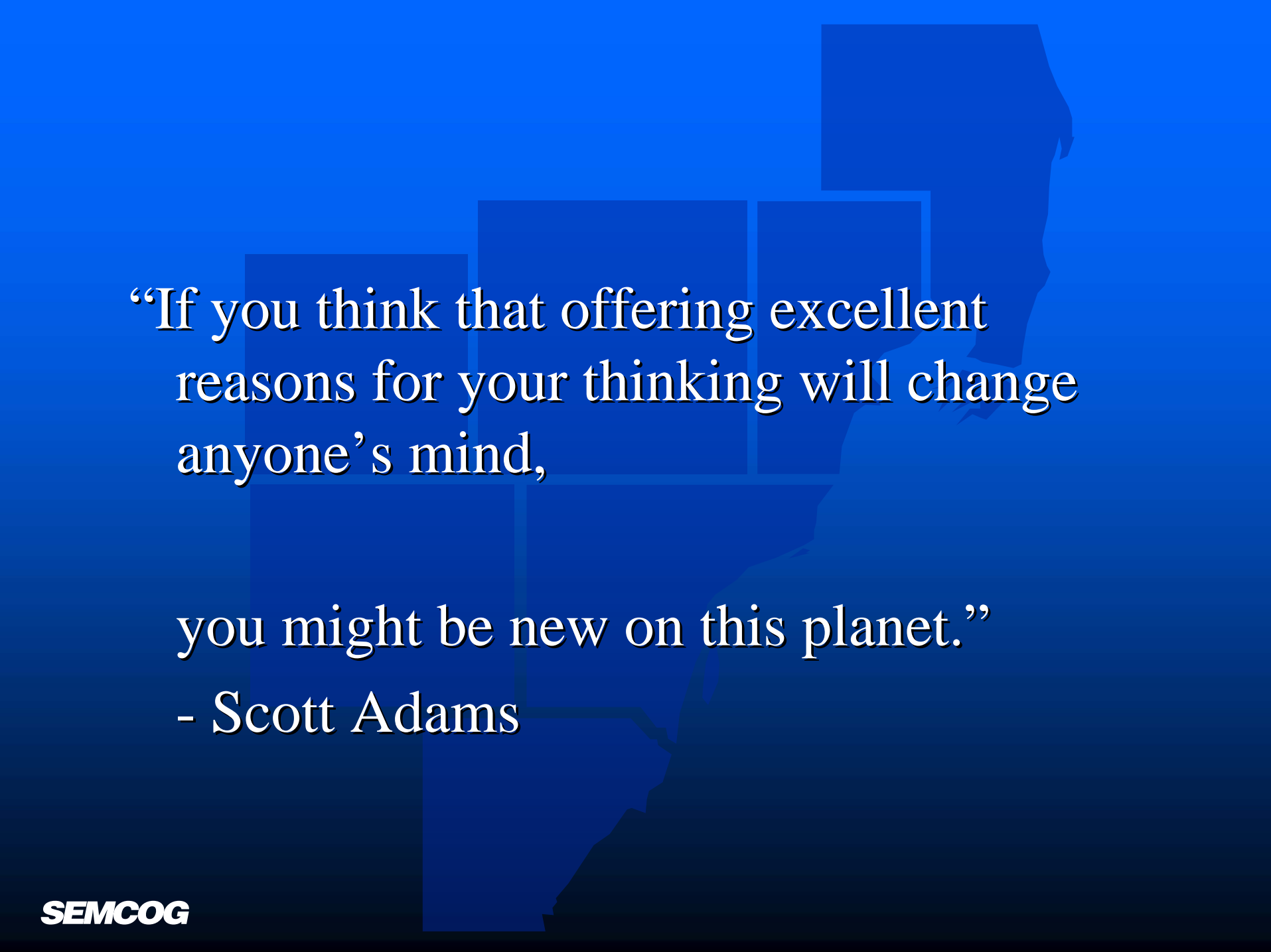
February 19, 2009

A faint, light blue map of the San Joaquin Hills region is visible in the background. The map shows the outlines of several counties, including San Diego, Imperial, Riverside, and San Bernardino. The text is overlaid on this map.

Environmental Advisory Council

Creating an Appetite for
Change

February 19, 2009



“If you think that offering excellent reasons for your thinking will change anyone’s mind,

you might be new on this planet.”

- Scott Adams



“There’s nothing more dangerous than a resourceful idiot.”

- Scott Adams

Purposes

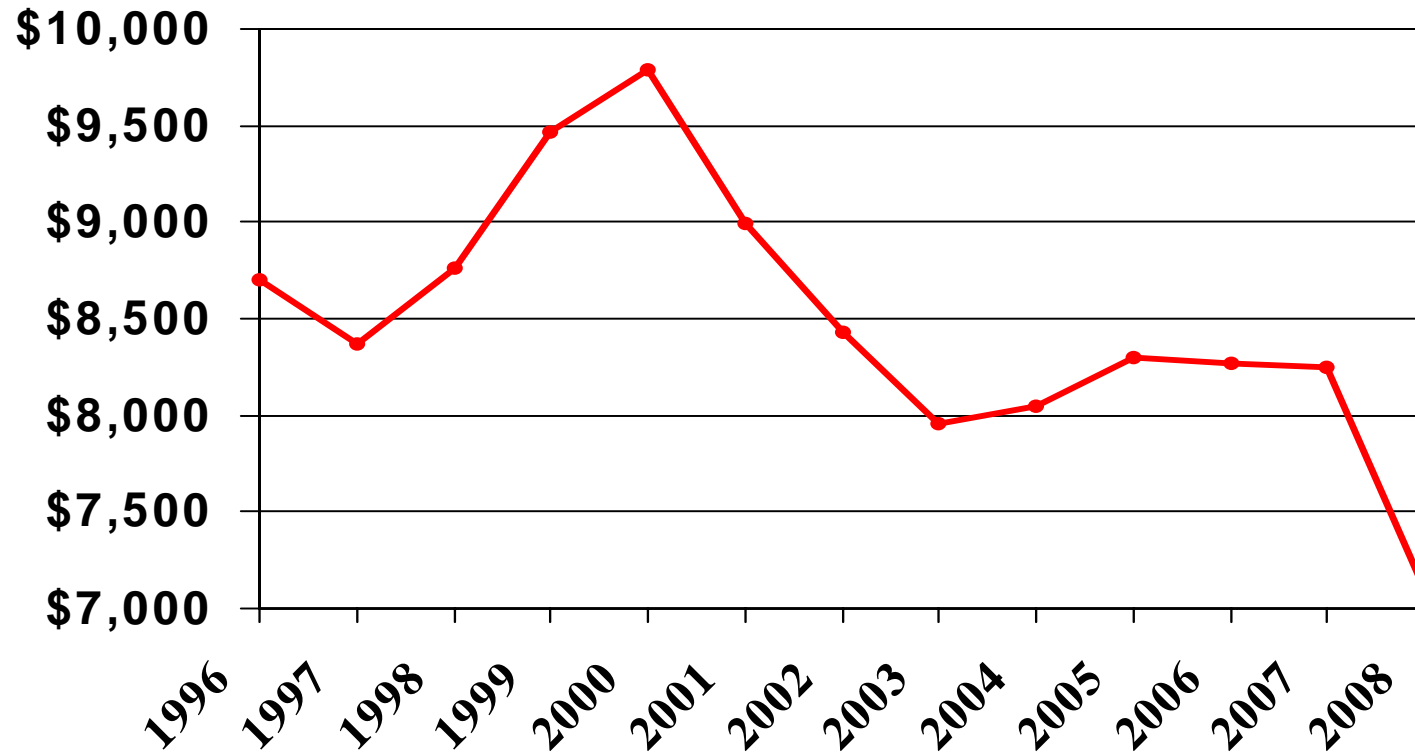
- Hard data on where we stand
- Solid prognostications
- Inferences from data to stimulate thinking
- Identify needs of a successful future
- Create appetite for change

Federal Debt

	2000	2008
National Debt	\$6 trillion	\$10 trillion
Federal budget	Surplus	Could reach \$1 trillion deficit in 2009

Source: Newsweek, 10/2008

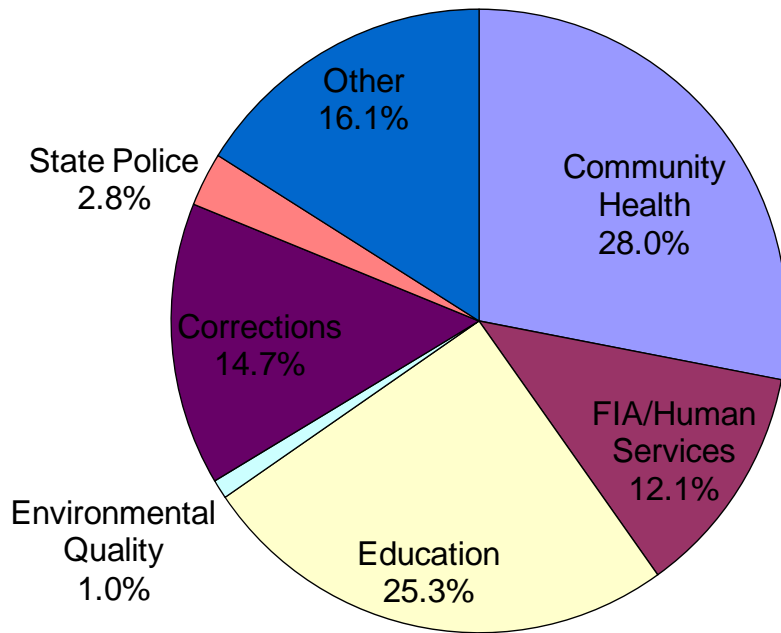
State General Fund Revenues (\$ in millions)



Source: Citizens Research Council

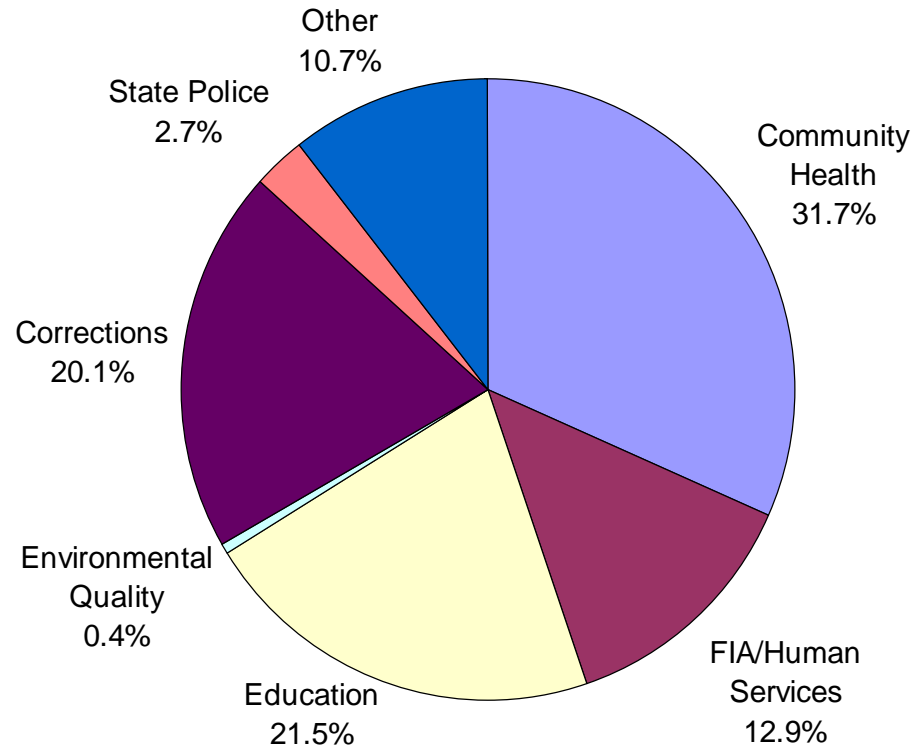
State Budget Allocations

FY 2000



Total State Budget: \$9,229 million
MDEQ Allocation: \$ 96 million

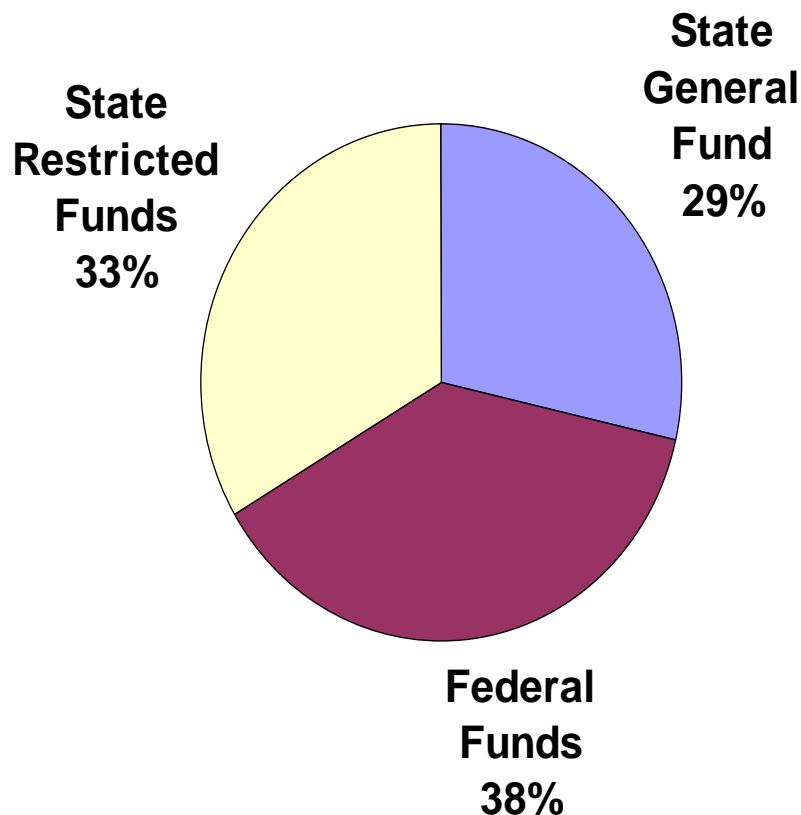
FY 2007



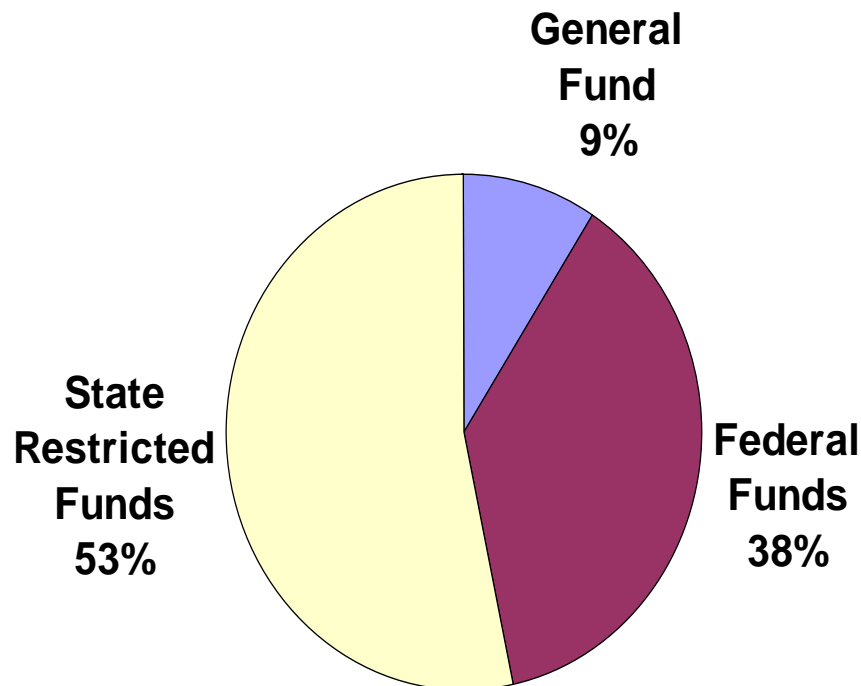
Total State Budget: \$9,223 million
MDEQ Allocation: \$ 34 million

MDEQ Funding Sources

FY 2000



FY 2007



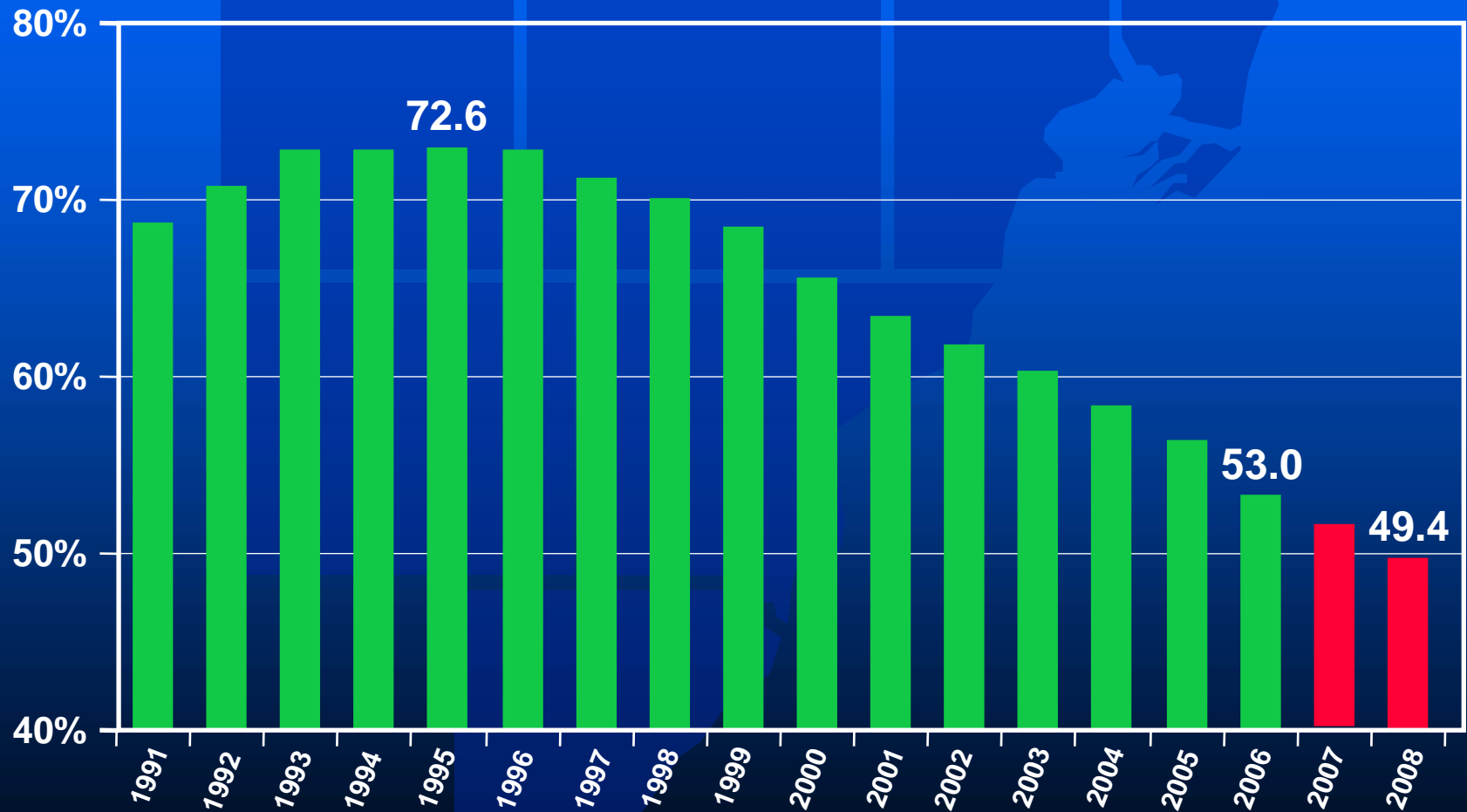
Percent Concentration by Sector in Southeast Michigan vs. United States 2005

Industry	Relative Concentration Percentage
Motor vehicles and parts manufacturing (production plants)	+680%
Manufacturing except motor vehicles and parts	-22%
Private nonmanufacturing	-1%

Source: SEMCOG 2035 Regional Development Forecast

Big Three Market Share of U.S. Light Vehicle Sales (%)

1991-2008



Source: SEMCOG 2035 Regional Development Forecast

Southeast Michigan Manufacturing Jobs

	2000	2008	2035
Total Manufacturing Jobs	420,000	262,000	181,000
Transportation Manufacturing Jobs	202,000	115,000	56,000

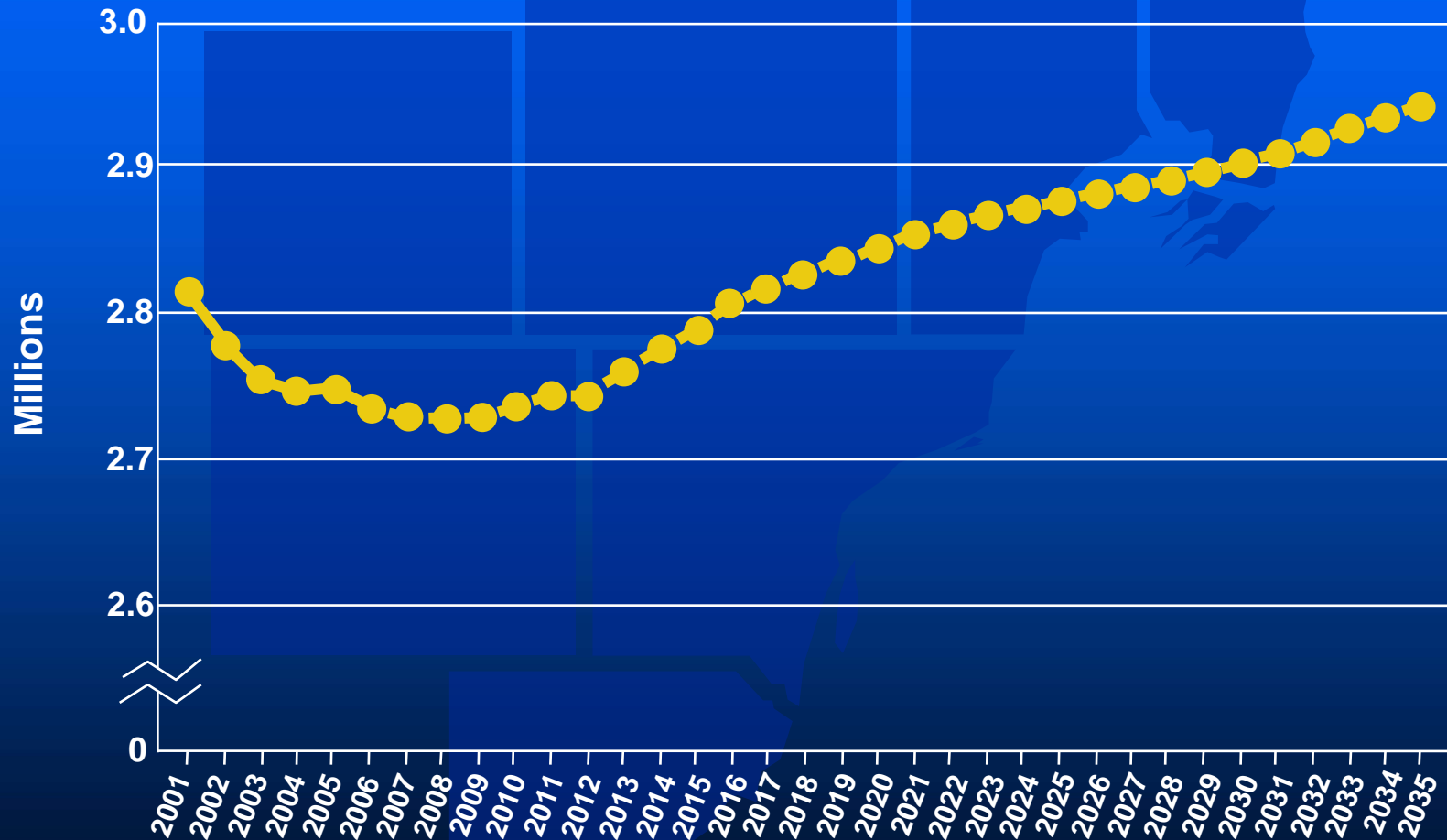
Source: SEMCOG A Region in Turbulence and Transition

Southeast Michigan Unemployment Rate



Total Employment

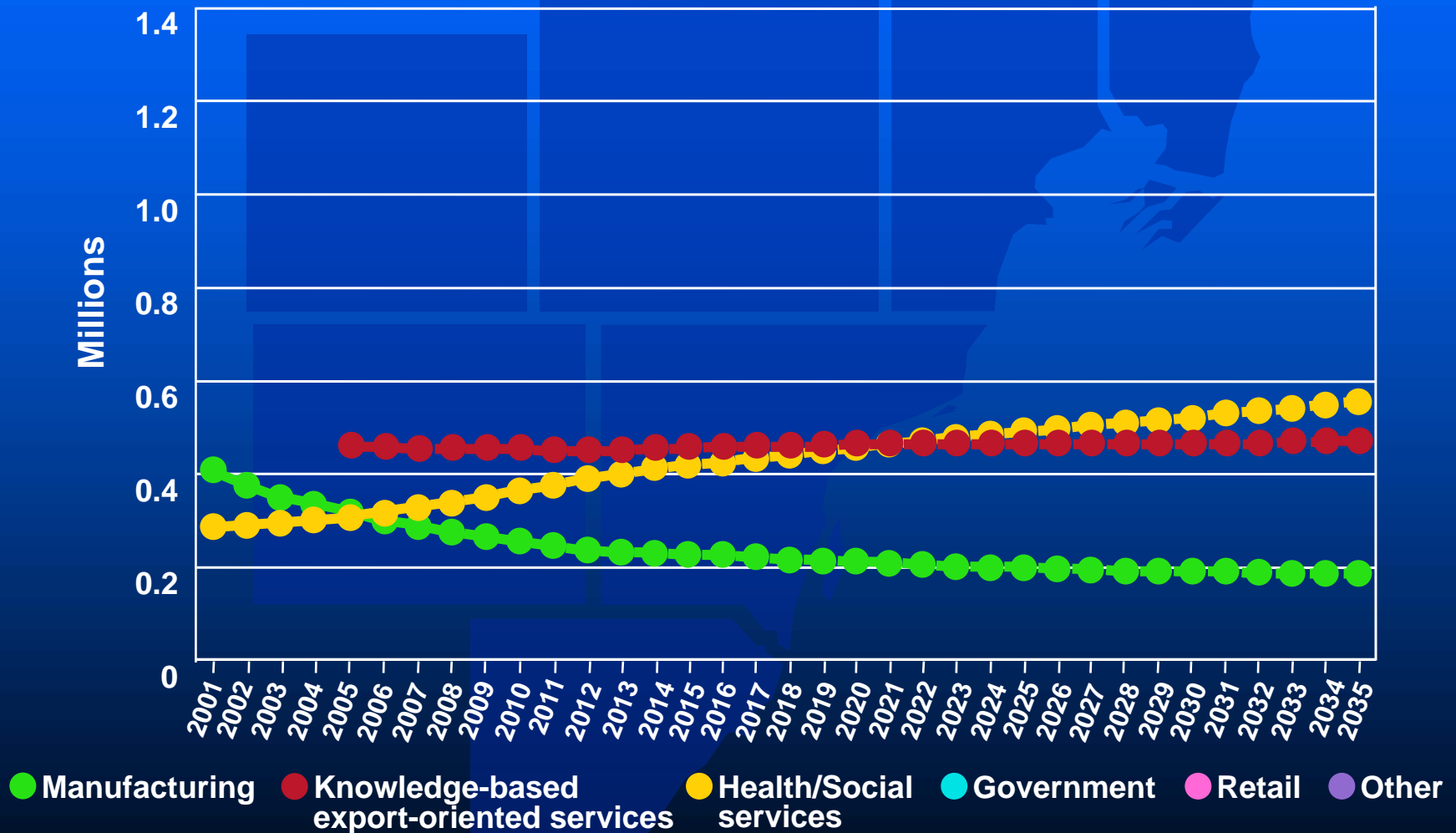
Southeast Michigan, 2001-2035



Source: SEMCOG 2035 Regional Development Forecast

Employment by Major Sectors

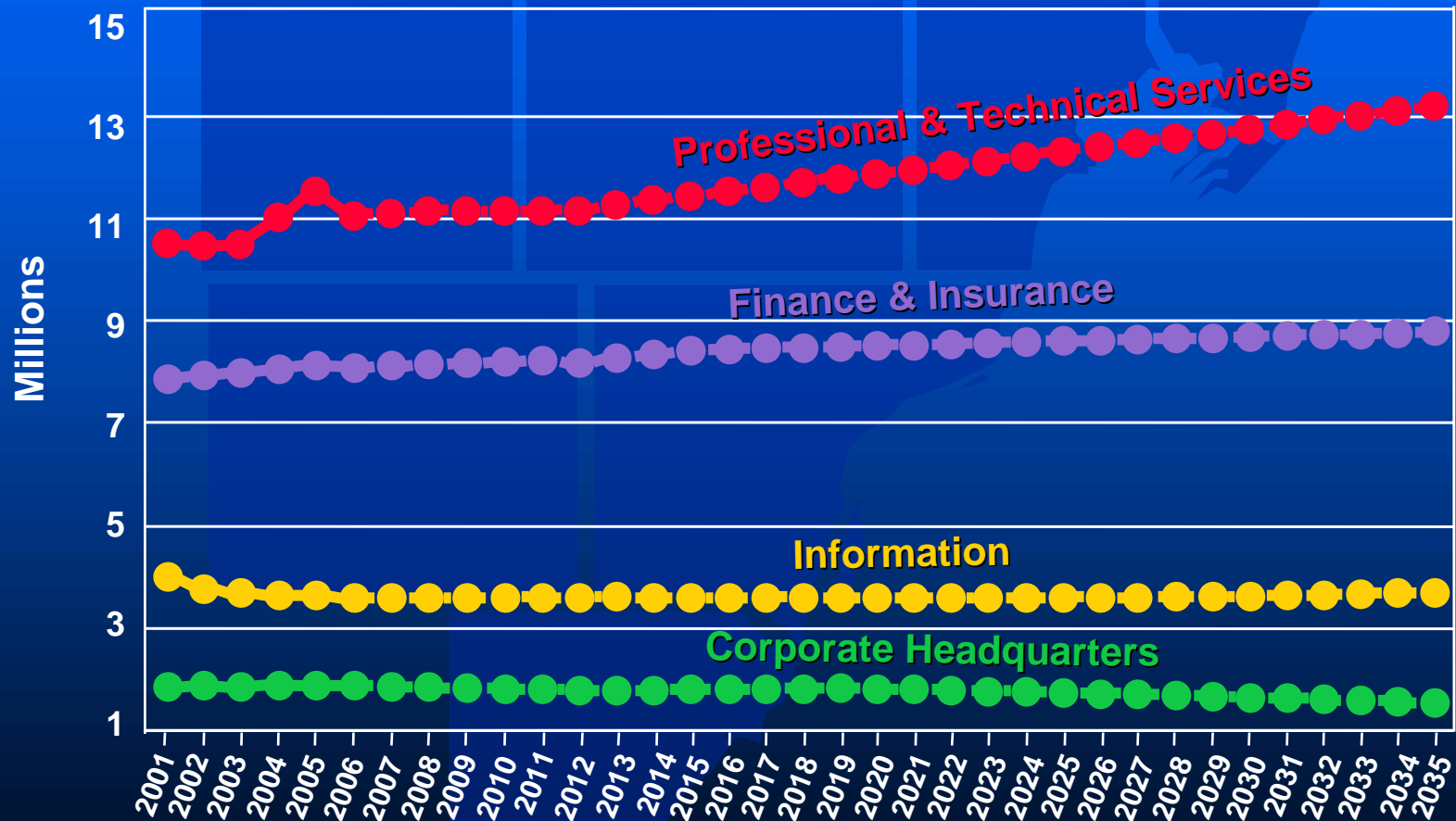
Southeast Michigan, 2001-2035



Source: SEMCOG 2035 Regional Development Forecast

Export-oriented, Knowledge-based Employment

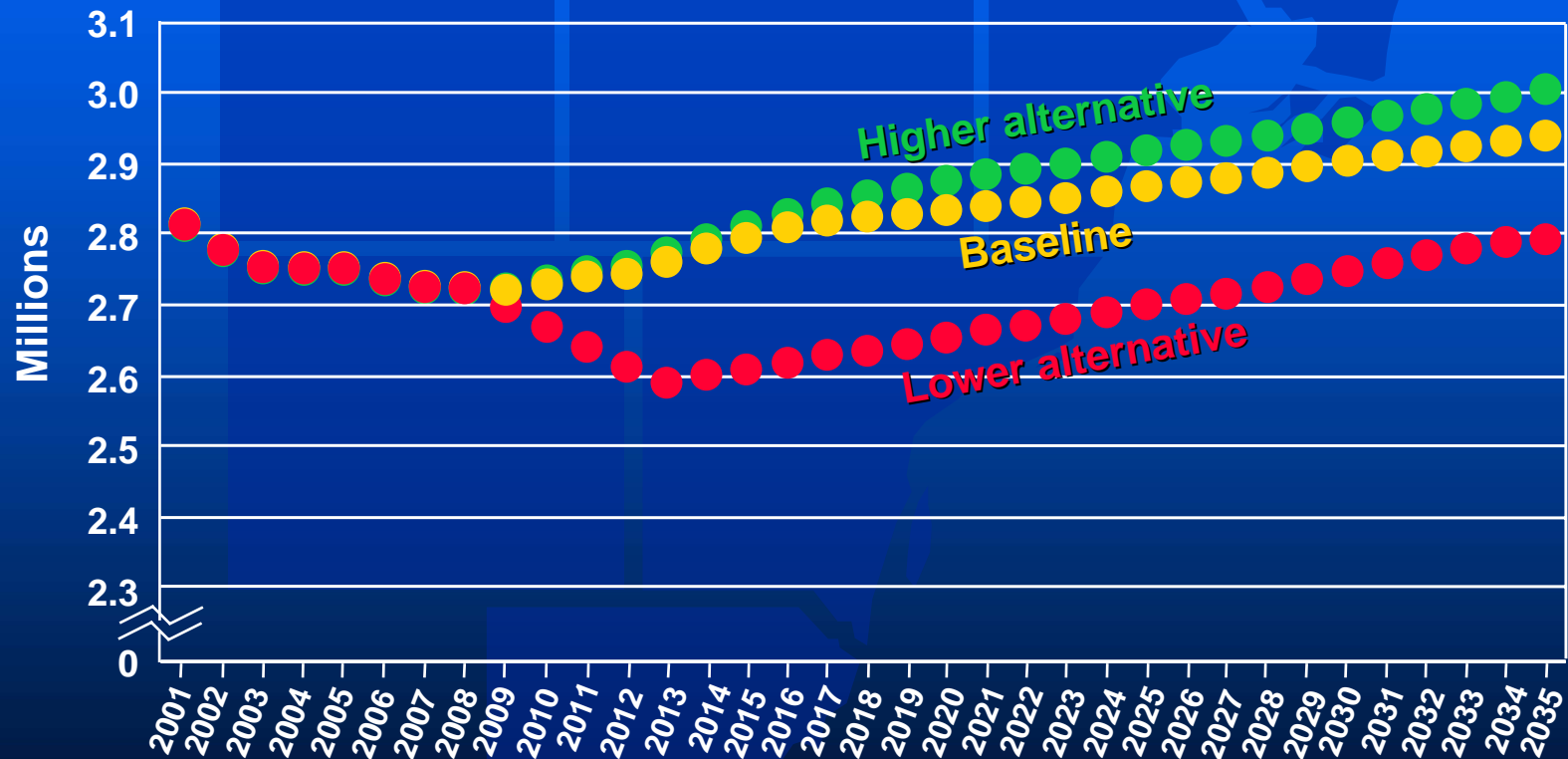
United States, 2001-2035



Source: SEMCOG 2035 Regional Development Forecast

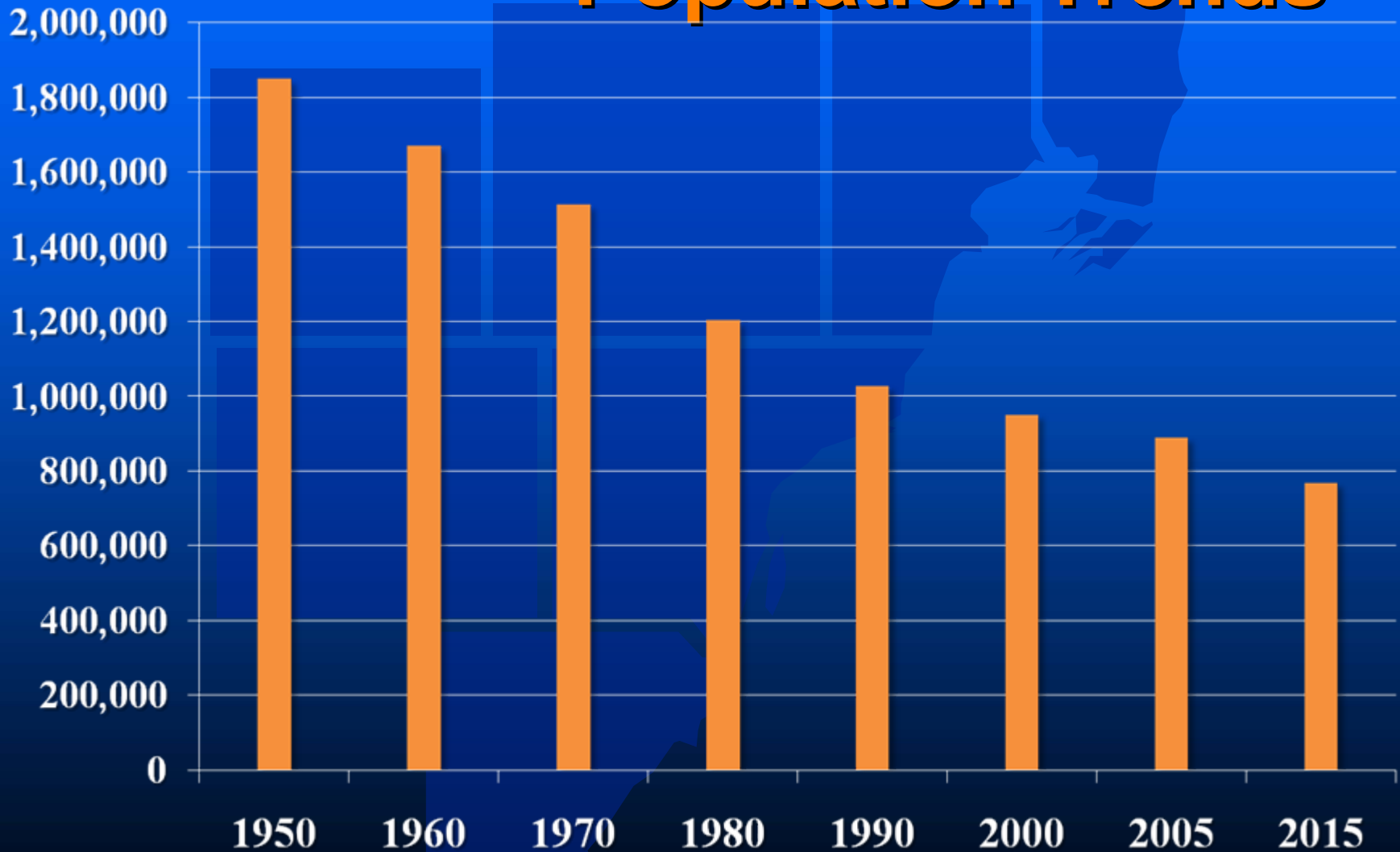
Total Employment, Baseline, Higher and Lower Alternatives

Southeast Michigan, 2001-2035



Source: SEMCOG 2035 Regional Development Forecast

City of Detroit Population Trends



City of Detroit

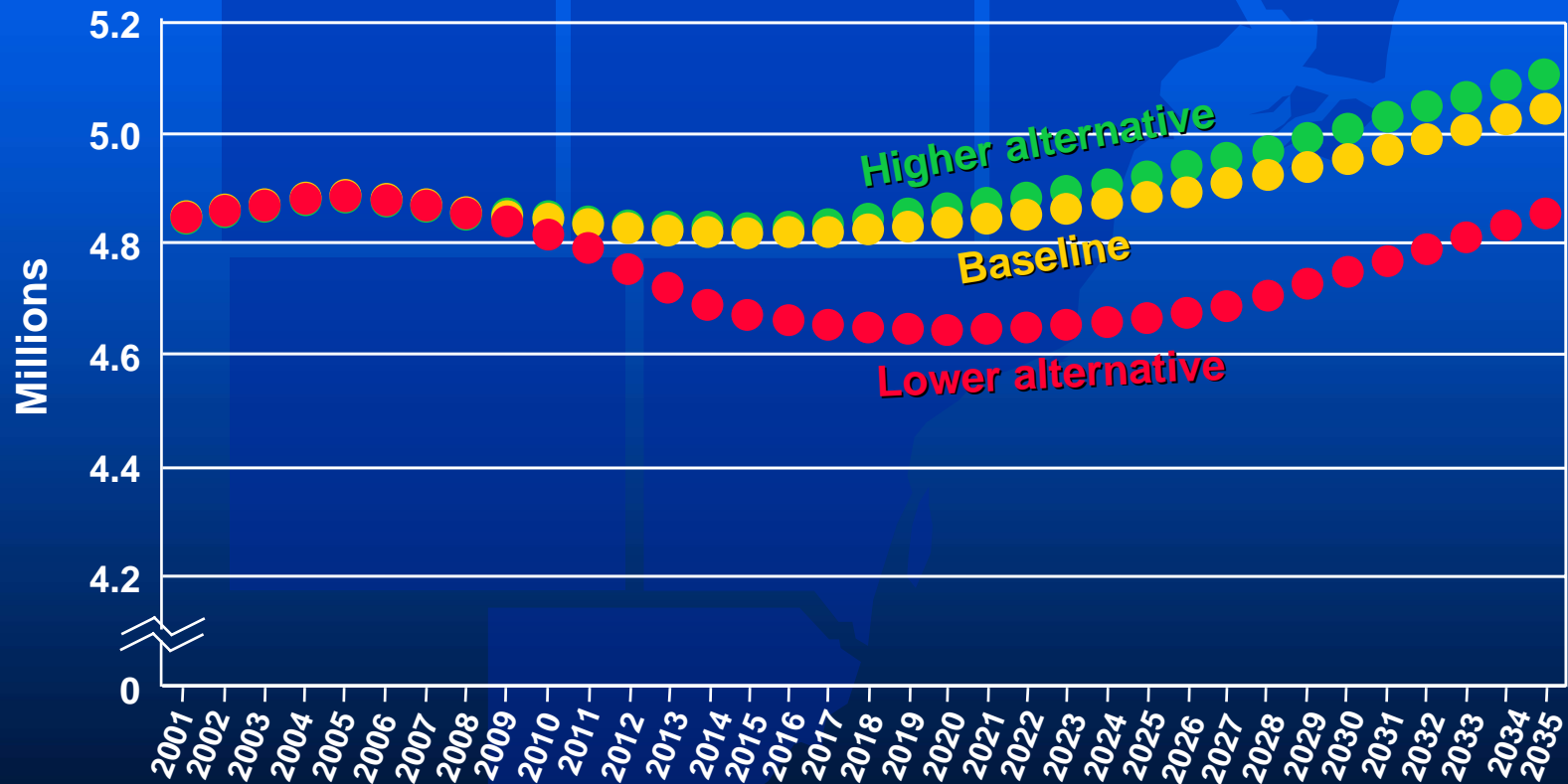
Population and Households	Census 2000	SEMCOG Jan 2009	Change 2000-2008
Total Population	951,270	854,899	-96,371
Housing Units	375,096	358,602	-16,494
Households (Occupied units)	336,428	300,868	-35,560
Residential Vacancy Rate	10.3%	16.1%	5.8%

City of Detroit Poverty Rate

Poverty	Census 1990		Census 2000	
Persons in Poverty	328,467	32.0%	243,153	25.6%
Households in Poverty	114,848	30.7%	81,789	24.3%

Total Population, Baseline, Higher and Lower Alternatives

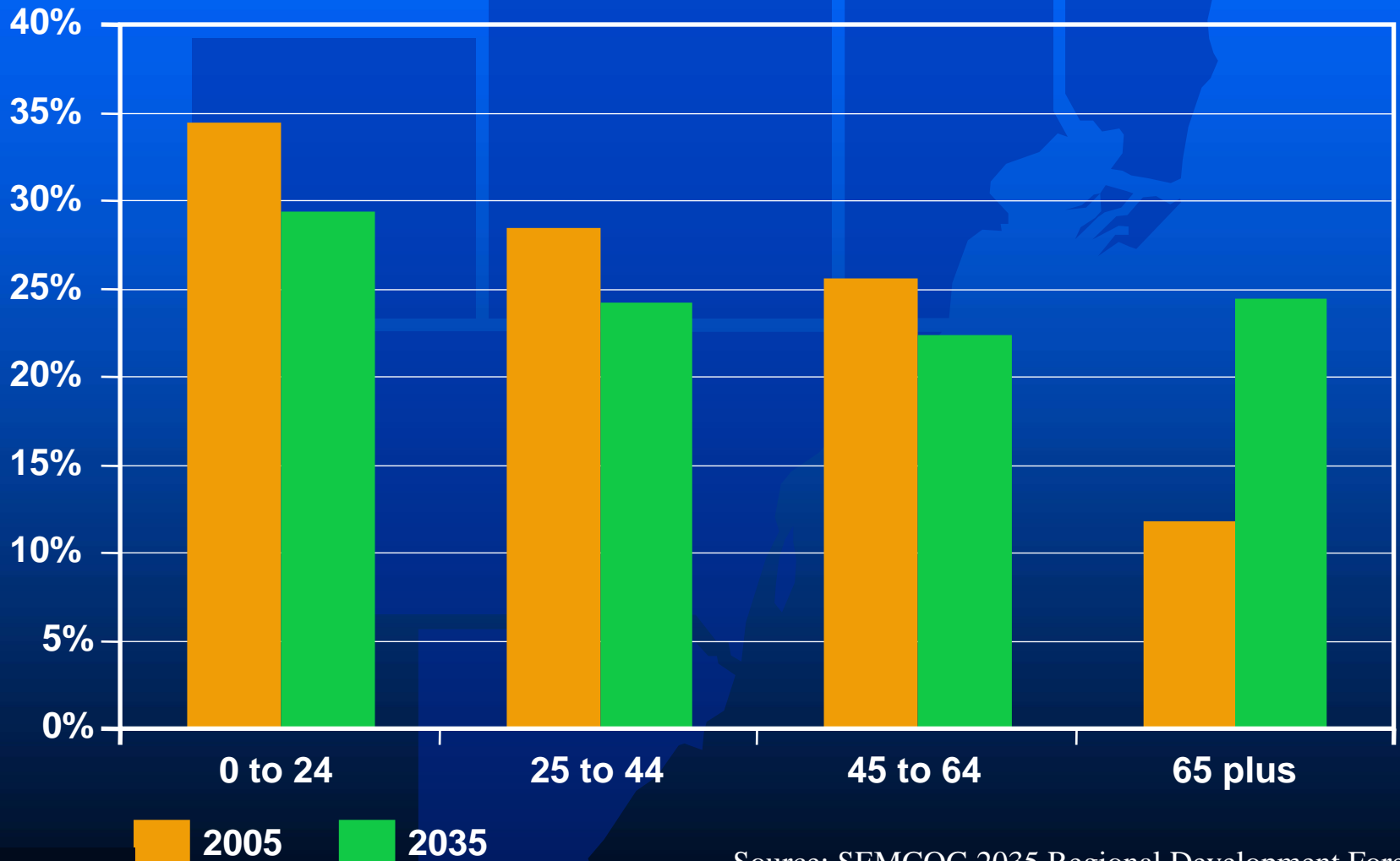
Southeast Michigan, 2001-2035



Source: SEMCOG 2035 Regional Development Forecast

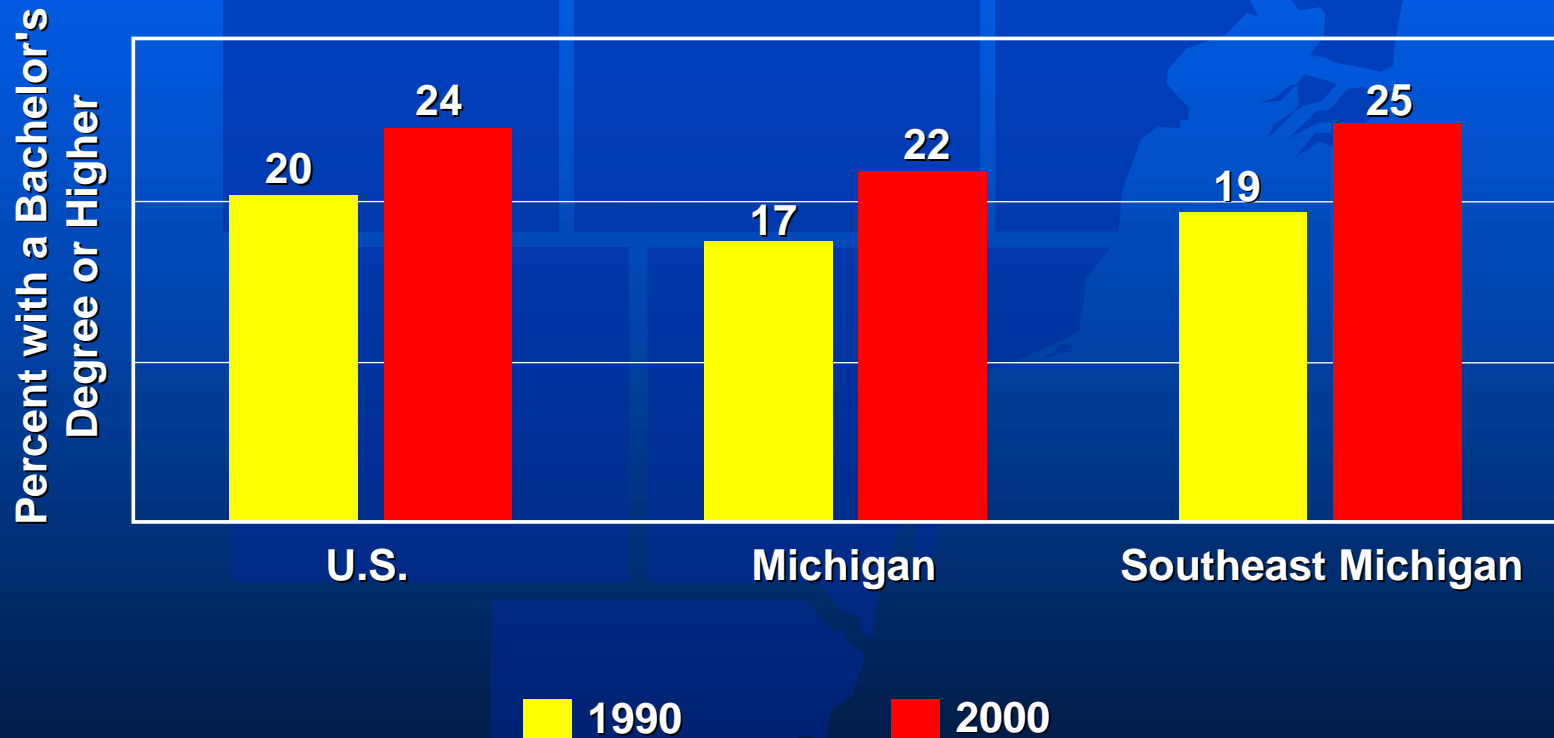
Population Age Groups

Southeast Michigan, 2005 and 2035



Source: SEMCOG 2035 Regional Development Forecast

Percent College Graduates Age 25+, 1990 and 2000



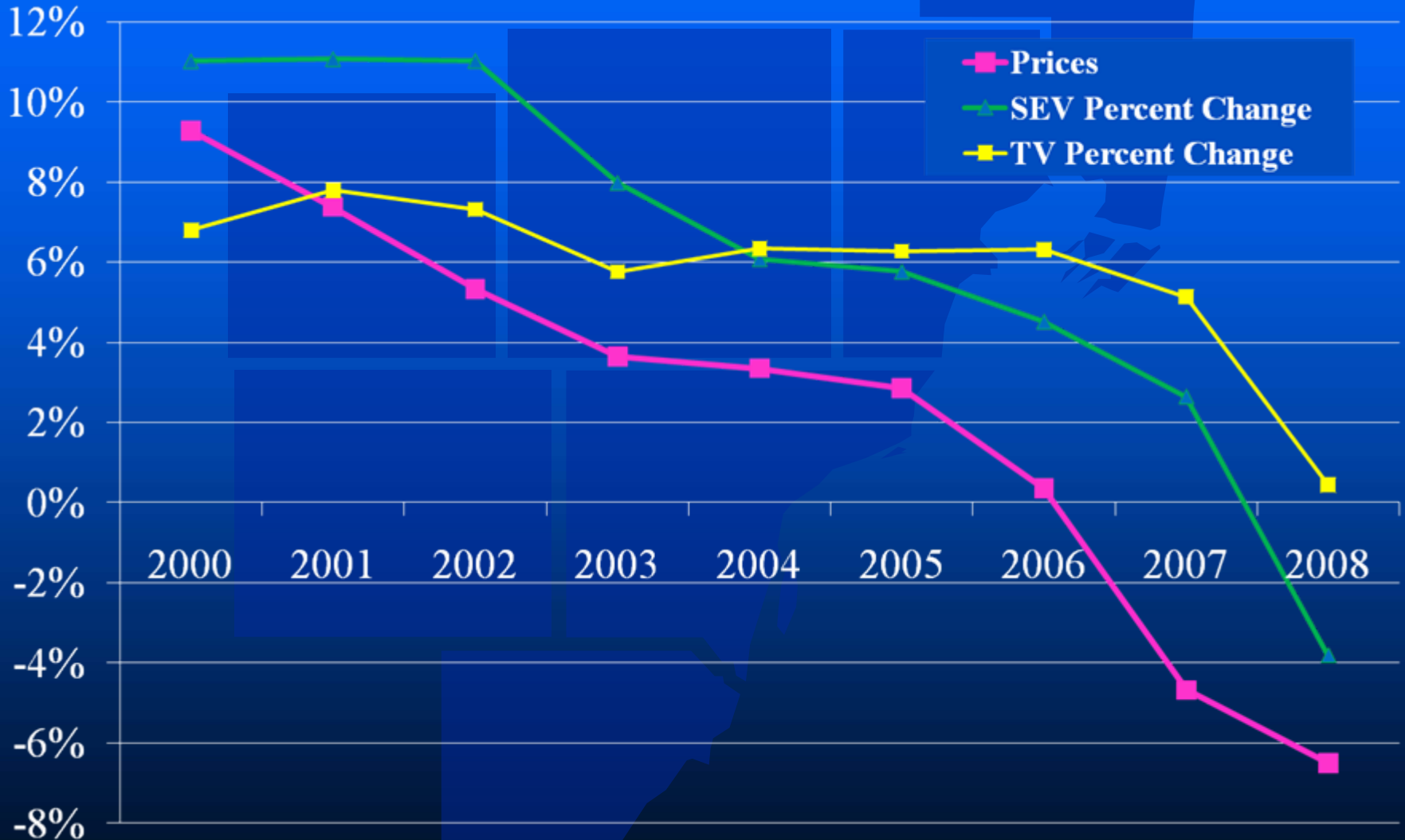
Comparison of State Rankings by Income and Education

	Rank in 2004/2005		Rank in 1969/1970	
	Per capita income	Bachelor's or higher	Per capita income	Bachelor's or higher
District of Columbia	1	1	8	1
Connecticut	2	4	1	7
New Jersey	3	6	6	16
Massachusetts	4	2	11	13
Maryland	5	5	12	6
New York	6	10	3	15
New Hampshire	7	9	20	24
Minnesota	8	11	18	21
Colorado	9	3	22	2
Virginia	10	7	29	14
Michigan	24	34	13	32

Source: 1970 Census and 2005 American Community Survey.

Housing Prices, SEV, and Taxable Values

Year-on-Year Percent Change



The Next Two Years

- Taxable value declines 15%
- What does this say about ability to provide service?

Southeast Michigan Foreclosure Data

January 2007 - June 2008

County	Estimated # Foreclosures	Estimated # Mortgages	Estimated Foreclosure Rate
Livingston County	3,515	63,050	5.6%
Macomb County	18,681	239,320	7.8%
Monroe County	2,398	36,685	6.5%
Oakland County	24,109	382,030	6.3%
St. Clair County	3,386	41,434	8.2%
Washtenaw County	4,250	85,070	5.0%
Wayne County	48,944	438,261	11.2%
Regional Total	105,283	1,285,850	8.2%



Think:
**What will public leaders be
pressured to address?**

Issues to Address

- A global economy
- Protectionist behaviors: Countries and states
- Unpredictable changes in technology
- Predictable ones

Issues to Address (cont.)

- Increasing value of water...Great Lakes water
- A smaller domestic auto industry
- Continued demand for environmental improvement
- Stress/decline in fiscal resources of govt: fed, state, and local

Issues to Address (cont.)

- Stress on provision of core services: education, police, infrastructure
- Desire for a changed energy infrastructure: “Green” but still cheap
- Smaller government
- Other?

Michigan's Advantages



- Large supply of clean water
 - Huge number of lakes
 - Recreational opportunities for many
- => Quality of life hard to match

Michigan's Disadvantages



- Gaps in infrastructure investment
- Stagnant economy
- Producing, attracting and retaining college graduates

Being a Servant: Need to Know Needs

- Public good needs
- Private sector needs
- Regulatory agency needs: what determines them?

Toughening Environmental Standards

- Result of “better” science
- More science
- Fear
- Expectations of zero risk

Good Infrastructure: The chicken or the egg?

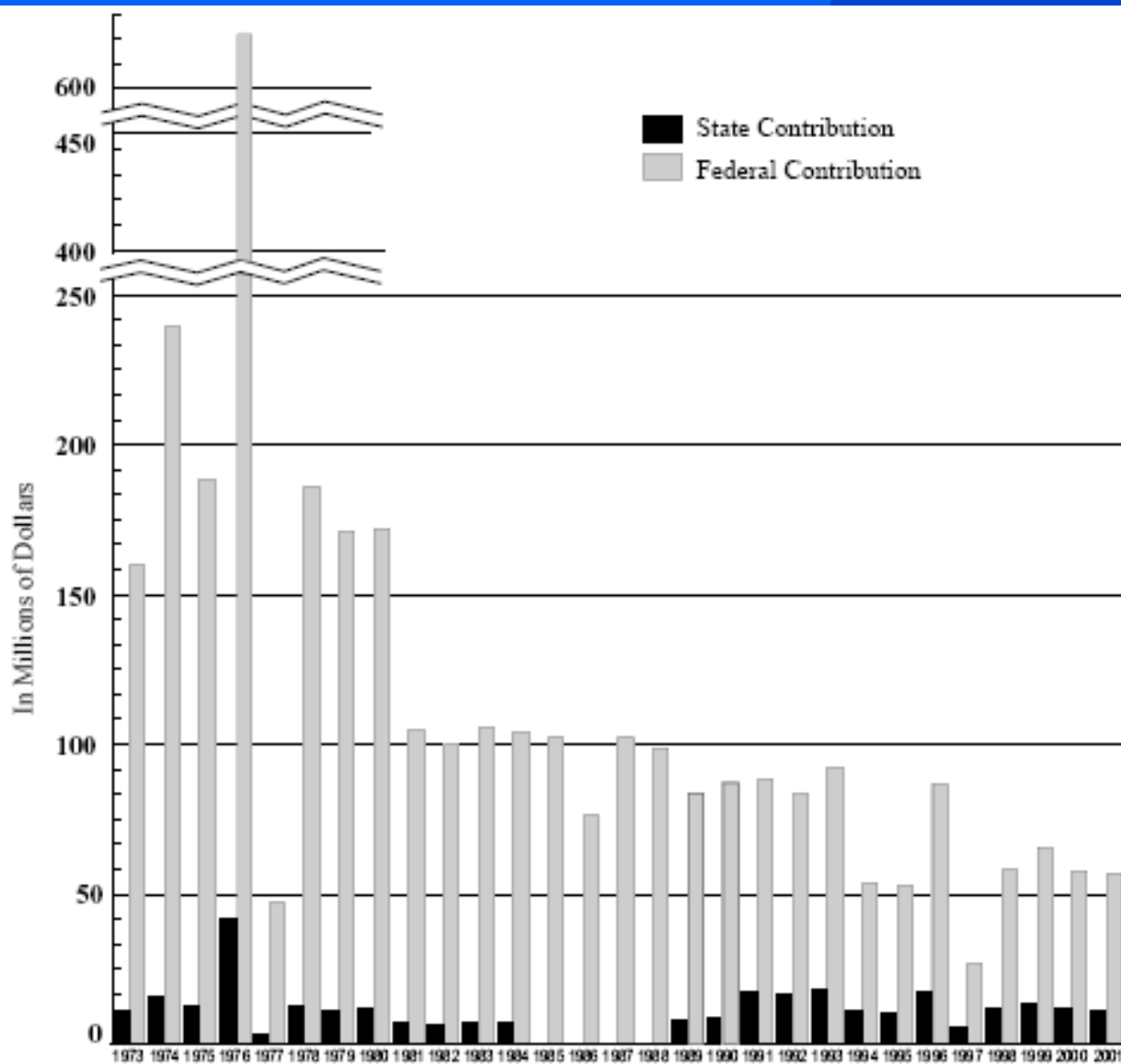


- Water
- Sewer
- Education
- Roads
- Public transit
- Energy Supply and Demand

Infrastructure Cost Summary through 2030

- Transportation costs – \$70 billion
- Sewer costs - \$29 – 52 billion

Sewer Infrastructure Funding



Certain certainties

- Less money from feds
- Less money from state
- Customer “ability” to pay ↓
- Quality of life demand ↑
 - More rules
 - Higher cost

Observations

- Environment and natural resources are one thing in the public's mind
- And in reality they are
- Do (should) we manage them that way?

Observations

- Not environmental protection for environmental protection's sake
 - Quality of life
 - Use of resource assets in the economy

Critical Questions

- How do we make our resources present an opportunity?
- What is our role in crafting a new, sustainable economy?

Critical Questions

- Structural change in economy accepted
 - What flows from that?
 - Or what do we do to affect that change?
 - Isn't it both?

Critical Questions

- Is the line between private property rights and public good moving?
- Should it?

Common Denominators to a Better Future

Higher education

Implication:
shift state \$ to education



Common Denominators to a Better Future

Quality service

Implication:

Conundrum exists to minimize rates
while providing quality service



Common Denominators to a Better Future

Disclosure





Common Denominators to a Better Future

Charges that
reflect true cost
of service

Common Denominators to a Better Future

Asset Management



Common Denominators to a Better Future

Sustainability

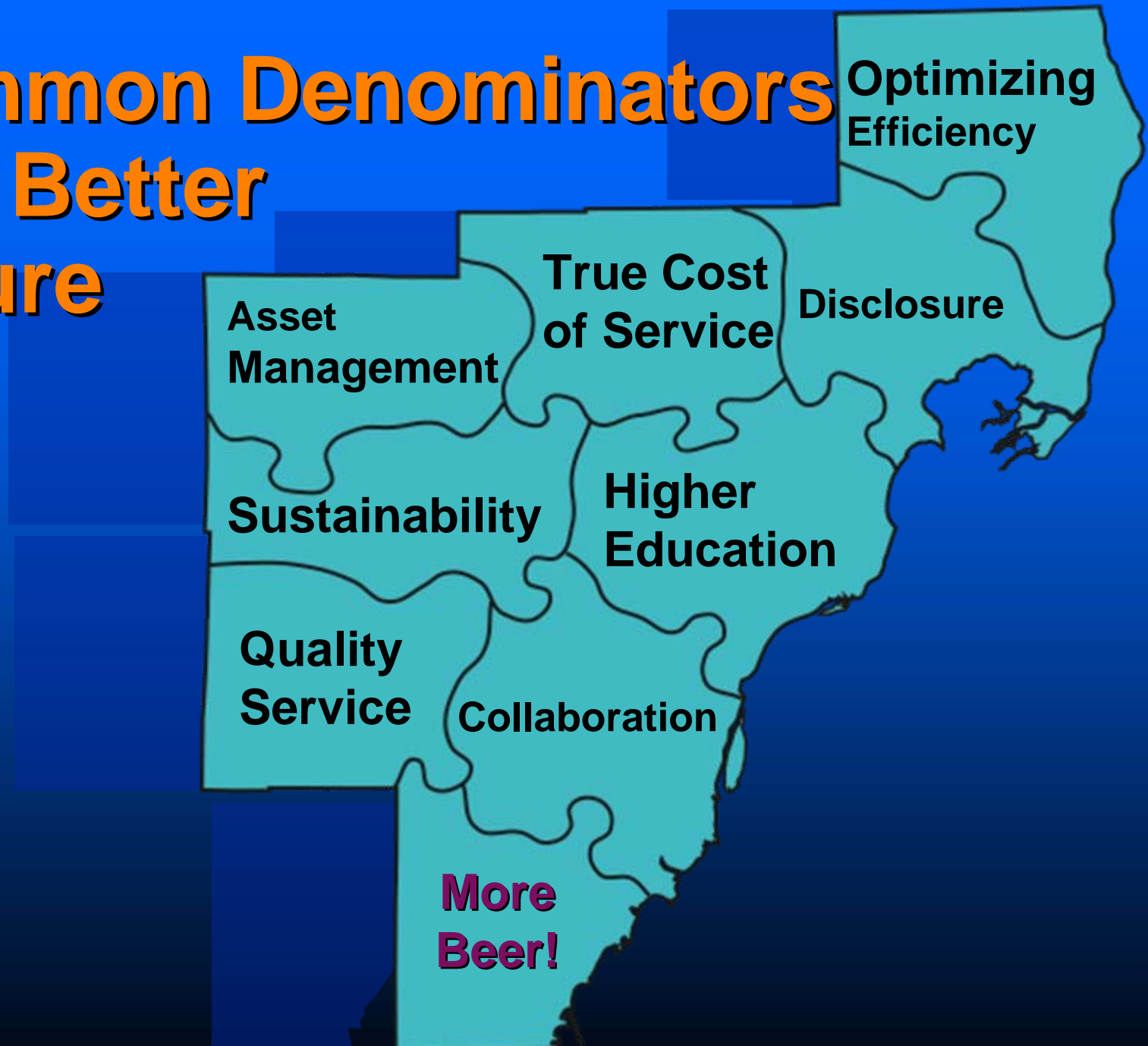
- Physical
- Fiscal

Common Denominators to a Better Future

Efficiency requires commitment to
collaboration



Common Denominators to a Better Future



The Big Question

Is optimizing efficiency a license to change?

I think it is.

The Big Question

Are we going to respond to needs as they unfold or do our part to help facilitate a better future?



**Life beyond this
administration...**

**Good policy
stands the test
of time**

